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The Netherlands

Wine

The Dutch Wine Market

2001

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Report Highlights:
Demand for European and "New World" wines in The Netherlands and the rest of western Europe is expected to rise, as per capita consumption for lighter alcoholic drinks continue to increase.

Includes PSD changes: No
Includes Trade Matrix: No
Unscheduled Report
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Executive Summary

Dutch per capita consumption of wine reached 18.8 liters in 2000, up from 18.6 liters in 1999. It is expected that Dutch wine consumption will continue to rise slowly in the next several years. The current trend clearly indicates a demand for higher quality. Red wine is the most popular type of wine consumed in The Netherlands.

People over 50 are the main consumers of wine in The Netherlands. This generation increasingly seeks higher priced, quality wines, partly due to higher incomes and a growing interest in wine among Dutch consumers. In general, wine misses the connection with younger target groups in the Netherlands. Dutch youth are choosing more premixed drinks and specialty beers. Therefore, wine marketing for this specific group is very important.

Due partly to the fact that younger consumers are adding third country wines to their traditional consumption patterns, New World wine consumption is rising slightly, taking some market share from traditional wine producers, like France, Germany, Spain and Italy. Many New World wines are competitive on price and quality. New World wines, still have to overcome lingering doubts about their quality relative to European wines. French wine dominates the Dutch wine market, with a 52.7 percent market share.

Total Dutch imports of U.S. wine increased 31 percent to 260,350 hectoliters in 2000, compared to 1999. The increases in recent years are partly due to more sales of South African and American wines in Dutch supermarkets and liquor stores. Also, The Netherlands is the distribution center for some major U.S. wineries in western Europe. An estimated 95 percent of total U.S. wine exports originate from California. U.S. wine has gained momentum in the Dutch market and prospects for increased exports are good as demand for U.S. wine in The Netherlands and the rest of western Europe is expected to continue to grow.

The Netherlands is a net importer of wines, producing minimal quantities. Wine production in the Netherlands totaled only 130,000 liters in 1999.

Exchange Rate			
Year	**U.S. $**	**EURO**	**Dutch florin (guilder)**
1996	1	-	1.68
1997	1	-	1.95
1998	1	-	1.98
1999	1	0.94	2.07
2000	1	1.09	2.39
2001	1	1.14	2.45

Note: For 2001 exchange rates are only available for the first six months

Consumption

Trends
Although Dutch consumption of alcoholic beverages decreased slightly in 2000, the share of wine remained the same. Market research reveals that Dutch women tend to drink more wine than men, since men drink more beer and spirits. Women account for about 60 percent of total wine consumption. On an average day, about 20 percent of all women over the age of 16 and 15 percent of men drink wine. In the Netherlands, wine is mainly consumed at home. An increasing number of people drink wine during dinner, especially in the evening. Wine is also consumed in place of beer and spirits.

The number of Dutch people who drink wine on certain occasions increased from 3.3 million in 1978 to 9.2 million in 2000. Therefore, wine is evolving from an elitist beverage to a national drink. Dutch per capita consumption of wine reached 18.8 liters in 2000, up from 18.6 liters in 1999. U.S. wine consumption per capita is about 7 liters. It is expected that Dutch wine consumption will increase in the short-term, although the pace is decreasing. The current trend clearly shows a demand for higher quality. According to the Product Board for Wine, annual Dutch wine consumption will increase 5 percent to 320 million liters in 2005, compared to 305 liters in 1999. During the same period, per capita consumption of wine will increase to 19.0 liters.

The Netherlands: Share of Alcoholic Beverages Consumed by Individuals over 16 Years of Age on an Average Day
(in percentages)

	1997	1998	1999	2000
Alcoholic beverages	45.0	44.0	43.0	42.0
- Beer	21.6	20.4	20.3	19.1
- **Wine**	**15.0**	**15.2**	**15.3**	**15.3**
- Spirits	10.9	10.5	9.8	10.2
- Appetizers	3.6	3.2	2.8	2.8

Source: Product Board for Wine, 2001

The Netherlands: Wine Consumption per Target Group on an Average Day
(in percentages)

	1997	1998	1999	2000
Red Wine:				
16 - 24 years	4	5	4	4
25 - 34 years	15	14	14	14
35 - 49 years	38	35	33	36
50 - 64 years	29	29	31	28
White Wine:				
16 - 24 years	6	8	7	6
25 - 34 years	16	17	16	14
35 - 49 years	36	33	35	35
50 - 64 years	28	26	26	29

Source: Product Board for Wine, 2001

Consumer Profile
The average Dutch wine user has an above average income, is a woman, and is more than 30 years of age. People older than 50 are the main consumers of wine in The Netherlands. This generation increasingly looks for higher priced quality wines, partly due to increased incomes and a growing interest in wine. However, they do not really set trends. In general, eating and drinking are seen as new leisure activities by this group. Drinking wine has less to do with wine knowledge, than with fun and enjoyment. Specific cultural aspects are often used for wine marketing, since this generation sees wine as a cultural product with a cultural heritage.

Younger Consumers
In general, wine misses the connection with younger target groups in the Netherlands. Dutch youth increasingly chooses premixed drinks like "fresh alcohols," specialty beers and spirits. In addition, the quality of wines served in cafes and discotheques is, usually poor. However, the easy and pleasant image of rosé could improve acceptance of wine by younger consumers, although its market share was only 3 percent in 2000. Therefore, wine marketing is very important. A good example of wine marketing for younger consumers can be seen at www.wickedwines.com.au .

Per Capita Consumption of Wine in 2000
(in hectoliters)

	1996*	**1997***	**2000****
France	61	60	57
Italy	54	54	67
Luxembourg	55	52	n.a.
Portugal	n.a.	n.a.	60
Croatia	n.a.	n.a.	55
Switzerland	n.a.	n.a.	41
Argentina	n.a.	n.a.	36
Spain	n.a.	n.a.	35
Hungary	n.a.	n.a.	32
Denmark	n.a.	n.a.	30
Austria	n.a.	n.a.	30
Denmark	28	29	n.a.
Germany	23	23	n.a.
Belgium	20	25	n.a.
The Netherlands	**17**	**18**	**19**
United Kingdom	13	14	n.a.
United States	*7*	*7*	*7*

Source: Product Board for Wine, 1999 * Tetra Compass, 2001

Red Versus White and Rosé
Red wine is more popular than white, although women prefer white wine. The share of red wine is still increasing at the expense of white wine. The growth in consumption of rosé wines has been stable since 1999. According to Jacqueline Snoeker, category manager wine of supermarket chain Albert Heijn, the Dutch do not drink much white wine, because of the cool climate. In addition, the Netherlands is a meat-eating country and, therefore, the Dutch drink mainly red wine during dinner. When having a drink, red wine is preferred above white wine, due to the flavor of (Dutch) cheese and sausages which are often served.

The Netherlands: Wine Consumption by Type (in percentages)				
	1997	1998	1999	2000
Red wine	64	65	63	66
White wine	40	38	39	36
Rosé wine	1	2	2	2

Source: Product Board for Wine, 2001
Note: Since a consumer can drink more beverages on one day, percentages can exceed 100 percent.

It is becoming clear that special wines should be offered at increasingly popular outdoor cafes. In these establishments, white wines and rosés are preferred above red wine. Fresh and fruity white wines are favorites, as well as chilled fresh and fruity rosés. For rosé, the color is even more important than the flavor. According to the Dutch supermarket association (CBL), the demand for rosé increased 20 percent in 2001, compared to 2000. In addition, the demand for the "gespritser," white wine with ice cubes, lemon and sparkling mineral water, is slowly increasing. It is expected that these trends will continue.

New World Wine
According to Elsevier Food International, the drinking patterns of many consumers in their twenties and thirties have little in common with those of their parents and grandparents. One of the most notable trends is that younger consumers are open to a wider range of influences. This is reflected in the fact that New World wine consumption is on the increase. New World wine offers them a chance to experiment and dip into a bit of global culture. Many New World wines are quality and price - competitive, putting pressure on traditional wine producers and distributors. The reality is that New World wines, in general, have made little impact on the mainstream market, and still suffer from the consumer’s belief that they are inferior. French wine has a 52.7 percent market share, by far the largest in the Dutch wine market. This is reportedly declining. The market share for French wines is forecast to decrease to 45.8 percent in 2005, according to the Dutch Product Board for Wine.

Traditional Versus New World Wine Consumption
Seventy four percent of all red wine originates from traditional wine producing countries, while 23 percent comes from New World wine countries, like the United States, Australia, South Africa, Argentina and Chile. Seventy percent of white wine, comes from traditional wine producing countries, while 16 percent is produced in New World wine countries. In The Netherlands, South African wine is very popular. Many South African wines have Dutch names which remind the Dutch of their historic ties with that country. In general, the taste of South African wine is perceived to be comparable to French wines and, therefore, familiar to Dutch consumers.

Key Market Drivers for New World Wine in the Dutch Market
' Increased consumption of alcoholic beverages by female consumers
' Increased consumption of alcoholic beverages by young adult consumers
' New packaging and labeling formats
' Greater diversity and brand fragmentation
' Increased consumption of New World wine
' Increased consumption of higher priced quality wine (US$ 4.00 - US$ 10.00)

Source: Elsevier Food International, 2001

Organic Wine
In the past, the poor quality of organic wine hindered sales. However, its quality has improved recently due mainly to the addition of sulfites to the wine. In The Netherlands, about 600 organic wines are available. These wines are produced in Belgium, Chile, Germany, France, Greece, Hungary, Italy, New Zealand, Austria, Portugal, Spain, the United States, South Africa and The Netherlands. The Dutch market for organic wine remains small. According to the Dutch Product Board for Wine, organic wine has a market share of less than 1 percent of the total Dutch wine market. The average price for a bottle of organic wine is higher than the average price for a bottle of wine.

A bottle of organic wine which is priced under US$ 4.00 is very rare in The Netherlands. There are several good organic wines sold between US$ 4.00 and US$ 6.00. Very good organic wines are usually sold for more than US$ 8.00. For more information on Dutch importers of organic wine and organics in general, please contact:

Platform Biologica
P.O. Box 12048 Tel: +31.30.2339970
NL-3501 AA Utrecht Fax: +31.30.2304423
The Netherlands Internet: www.platformbiologica.nl

Private Label Wine
The private label market in the Netherlands shows significant signs of growth in the future. Many shoppers would like to see a wider variety of private label products in supermarkets. In 2000, private label wines had a market share of 22.4 percent in volume and 19.4 percent in value. Many private label U.S. wines are bottled in Belgium, France and Italy and are re-exported to The Netherlands. However, there is a clear trend towards growth of strong and appealing brands in The Netherlands. In 2000, the market share of private label wine decreased 1.8 percent in volume and 1.7 percent in value, compared to 1999. For more information on private labels and the annual Private Label Manufacturers Association-Trade Show in Amsterdam, please contact:

PLMA International Council
World Trade Center
Strawinskylaan 671 Tel: +31 20 575 3032
NL-1077 XX Amsterdam Fax: +31 20 575 3093
The Netherlands

Distribution

Wine sales in The Netherlands were up in 2000 and Dutch wine importers, wholesalers and retailers had a very good year. The total retail turnover increased to US$ 1.32 billion, mainly due to increasing sales of higher priced bottles of New World wine. Supermarkets account for 68 percent of all Dutch wine retail sales (US$ 896 million), an increase of 3 percent compared to 1999. The share of liquor stores remains 25 percent (U$ 329 million). Wine-clubs, department stores and wholesalers make up the balance (US$ 92 million). The total volume of wine sold in supermarkets and liquor stores amounted to 197 billion liters in 2000. Over 80 percent wine for home consumption is purchased in supermarkets, and 16 percent in liquor stores. Liquor stores offer specific advice on wines to consumers, and sell very exclusive and expensive wines besides conventional wines, which is not the case in supermarkets.

In 2001, The Netherlands has only a few internet sites offering wines for sale, like www.gall.nl and www.vinunique.nl. It is unclear if internet sales of wine will become a success, although many Dutch wine suppliers have high expectations.

The Netherlands: Sales of Wine by Outlet Type
(in percentages)

	1997	**1998**	**1999**	**2000**	
	Value	Value	Value	Value	Volume
Supermarket	64	65	65	68	81
Liquor store	26	25	25	25	16
Other	10	10	10	7	3

Source: Product Board for Wine, 2001

Market Shares
The popularity of New World wines continued to increase in 2000, at the expense of wines from traditional wine countries, like France, Germany, Spain and Italy. However, French wine still has by far the largest market share of the total Dutch wine market. In the liquor stores, wine from South Africa has the second largest market share after French wine. In supermarkets, South African wine has increased considerably. However, studies show that about 75 percent of Dutch customers of wine do not know which wine they are going to purchase when they enter a supermarket or liquor store. At most, the consumer has only a preference for red or white wine.

The Netherlands: Volume Shares in Supermarkets by Countries of Origin (in percentages)						
	1996	**1997**	**1998**	**1999**	**2000**	**+/-**
France	53.5	54.0	55.6	54.9	52.7	-2.2
Germany	16.5	14.9	12.6	12.6	11.9	-0.7
Italy	11.1	10.0	9.6	9.4	9.8	0.3
South Africa	2.9	4.5	5.3	6.8	9.7	2.9
Spain	7.0	7.3	7.8	6.8	6.4	-0.5
Chile	1.6	1.8	1.8	2.2	2.5	0.3
Australia	0.8	0.9	0.9	1.2	1.7	0.5
United States	**0.6**	**0.8**	**1.1**	**1.7**	**1.7**	**0.0**
Argentina	1.2	1.1	1.5	1.2	1.3	0.1
Bulgaria	3.2	2.8	2.1	1.7	1.0	-0.8
Other	1.5	1.8	1.8	1.5	1.5	0.0

Source: ACNielsen, 2001

The Netherlands: Volume Shares by Countries of Origin by Outlet Type in 2000 (in percentages)		
	Liquor stores	Supermarkets
France	55.1	52.7
South Africa	14.0	9.7
Spain	6.6	6.4
Italy	6.3	9.8
Germany	4.7	11.9
Chile	3.7	2.5
Australia	1.9	1.7
Greece	1.8	0.1
Portugal	1.7	0.5
Argentina	1.5	1.3
United States	**1.4**	**1.7**
Hungary	0.3	0.3
Bulgaria	0.2	1.0
Romania	0.1	0.1
Other	0.9	0.5

Source: ACNielsen, 2001

Marketing Tools

According to Elsevier Food International, packaging design is the most commonly used tool to increase sales of wines. Innovations like adding flavors/drink types to wine actually seems to lower the value of the product. Consumers expect an ethic of purity in wine, meaning that there is little scope for experimentation with the actual product contents. Consumers are also resistant to significant changes in product packaging of wine. Extreme innovation lowers the value of the product. A good innovation for ready-to-drink wine is the plastic plug. Many New Wine countries prefer using the plastic plug instead of cork, because of better shelf life, no cork flavor, good locking, and the availability of many colors. In The Netherlands, about 6 percent of the plugs are plastic.

The Six Largest Food Buying Organizations in the Netherlands in 2000			
Retailer/Wholesaler - type of outlet	**Sales/ Market share**	**Number of Outlets**	**Purchasing**
Albert Heijn, Retailer, National Multiple	US$ 5.5 billion 27.8 percent	1,790 nation wide	Direct, Imp./ wholesaler
Laurus Group, Buying organization for supermarket chains Super De Boer, Edah, Konmar, Spar, Groenwoudt Supermarkten and Basismarkt	US$ 4.7 billion 23.8 percent	1,908 nation wide	Direct, Imp./ wholesaler
Trade Service Nederland, (TSN) Buying organization for wholesalers Schuitema, Sperwer, A&P, Prisma Food Groep, Boon Sliedrecht and Codis	US$ 4.2 billion 21.0 percent	1,730 nation wide and regional	Direct, Imp./ wholesaler
Superunie, Buying organization for 14, usually family owned, regional supermarket chains	US$ 3.5 billion 17.8 percent	1,240 regional	Direct, Imp./ wholesaler
Aldi, Retailer	US$ 1.3 billion 6.3 percent	359 nation wide	Direct, Imp./ wholesaler
Koopconsult, Buying organization for the regional wholesaler Samenwerkende Dirk van den Broek Bedrijven	US$ 0.4 billion 2.1 percent	173 regional	Direct, Imp./ wholesaler
IN TOTAL	**US$ 19.6 billion 98.8 percent**	**7,200**	**Direct, Imp./ wholesaler**

Source: Elsevier Business Information, 2000

Prices

Although Dutch retail prices for wine have remained stable, the purchase price for a bottle of wine in the supermarket increased last year. In 2000, consumers paid more than Dfl 1.00 (US$ 0.40) extra for a bottle of wine, compared to the previous year. This trend towards higher priced quality wines is due to rising incomes, increased wine knowledge and more interests in higher priced New World wines.

Although Dutch consumption of more expensive wine is rising, premium wine still has a very small market share in the total Dutch wine market. In 2000, the average price for a bottle of wine increased 14 percent to US$ 3.67. However, there is a large price difference between supermarkets and liquor stores. In 2000, the average price of a bottle of wine was US$ 2.35 in the supermarket, while it was US$ 4.06 in the liquor store. Supermarkets are selling more wine above US$ 4.00 as well. New World wines serve what is considered to be the higher priced segment between US$ 2.90 (Dfl 7.00) and US$ 4.20 (Dfl 10.00). The average price of French and German wines is lower than the average wine price in The Netherlands. German wine has a very low price, due to the many value-for-money 1 liter packages. In general, German wine has an image of lower quality.

According to some New World wine companies, the quality of wine may decrease with the introduction of the EURO currency in January 1, 2002. It is expected that the consumer will not spend EURO 10.00 (US$ 8.77) for a bottle of wine. The average price is expected to be about EURO 4.00 (US$ 3.51) in 2002.

The Netherlands: Average Supermarket Price of a 0.75 Liter Bottle Wine in 2000 (in US dollar)			
	Total Supermarket	Red	White
Total for Traditional Wine Countries	2.35	2.49	2.15
- France	2.33	2.30	2.41
- Germany	1.36	0.97	1.37
- Italy	2.17	2.26	2.08
- Spain	2.73	2.76	2.53
Total for New World Wine Countries			
- South Africa	2.83	2.89	2.74
- United States	**3.72**	**3.73**	**3.64**
- Chile	3.40	3.44	3.32
- Australia	3.19	3.18	3.18

Source: Product Board for Wine, 2001

The Netherlands: Average Liquor Store Price of a 0.75 Liter Bottle Wine in 2000 (in US dollar)			
	Total Liquor Store	Red	White
Total for traditional wine countries	4.06	4.23	3.71
- France	4.15	4.28	3.83
- Germany	2.74	3.68	2.72
- Italy	3.41	3.59	3.07
- Spain	4.18	4.23	3.78
Total for New World wine countries			
- South Africa	4.03	4.09	3.90
- United States	**5.10**	**5.26**	**4.85**
- Chile	4.74	4.75	4.71
- Australia	5.20	5.17	5.26

Source: Product Board for Wine, 2001

Production

The Netherlands

In 2001, total area devoted to commercial Dutch wine-growing amounted to 35 hectares. Within 5 years, this area is expected to increase to 40 hectares. In 1999, Dutch wine production totaled to approximately 130,000 liters. Dutch wine production is naturally dependent on the weather and, therefore, changes every year. Last year is expected to be a good wine year. Although Dutch wine production is miniscule, the future may be positive due to new grape varieties. Since new varieties, like Regent, Bianca and Merzling, ripen well in cool climates, the wine growing line is shifting northwards in Europe.

In The Netherlands, most wine growers bottle their own wine. Only one third of them produce wine for commercial purposes. The largest Dutch wine growers are located in Wageningen, Maastricht, Vlaardingen, Made and Lelystad. Wines from Limburg, in particular, have proven to be acceptable.

The Netherlands' first commercial organic vineyard of 2 hectares has been located in Wageningen since 1998. In 2000, vineyard "Wageningse berg" had its first production of 1,000 liters wine. It is expected that 2,500 liters wine will be produced in 2001. For 2003, a production of 5,000 liters wine is expected. In 2000, Dutch wine experts have chosen the "Regent 1997" and "Regent 1999" of vineyard "Wageningse berg" as the best Dutch red wine. "Wageningse berg" wines can only be bought by subscription. However, the wines are already sold out for the next five years.

Policy

Bilateral

Since November 1, 2000, a new "Beverage, Hotel & Catering Industry Law" has been in effect in The Netherlands. The Dutch Minister of Public Health, Welfare and Sport has the goal of decreasing alcohol abuse, especially by young consumers and problem drinkers. Alcohol prevention is expected to moderate and alcohol problems in specific situations, like going out, work, traffic and family.

Main changes in the "New Beverage and Hotel & Catering Industry Law" (2001)

- Information and prevention
- Assistance and care
- Legislation:
  - possibility for stricter conditions for advertising
  - limited sponsoring of youth events by companies producing alcoholic beverages
  - no sales of alcoholic beverages in non food-stores, gasoline stations and road-houses
  - clear separation between alcoholic and non-alcoholic beverages in food stores
  - the legal difference between alcoholic and non-alcoholic beverages will become 0.5% instead of 1.5% alc.
  - liquor stores are not allowed to have a direct connection with another (food) shop
  - associations/foundations which serve alcoholic beverages in their canteen have to set house rules
  - possibility for setting extra conditions for obtaining a license for selling alcoholic beverages
  - possibility for a temporary prohibition of the sales of alcoholic beverages
- Self regulation:
  - no sales of alcoholic beverages to people under the age of 18
  - clear signs with age-limits next to the door of a café or restaurant, and on the supermarket shelf
- Product regulation
- International initiatives

Source: Adfundum, 2001

The Dutch Ministry of Public Health, Welfare and Sport uses the following definition for describing a "problem drinker:" *"A problem drinker is someone who drinks six or more glasses of an alcoholic beverage at least once a week."* Based on this definition, over 15 years of age are problem drinkers (approximately 1.1 million people). The Dutch Minister of Public Health, Welfare and Sport is trying to decrease this to 8 percent by 2004.

The Netherlands: Taxes on Wine

Types of Wine (alcoholic content in percentages)	Excise Tax (in guilders per hectoliter)	Value Added Tax (VAT) (in percentages)
1.2% - 8.5%		
- still wine	53.75	19
- sparkling wine	69.50	19
8.6% - 15%		
- still wine	107.50	19
- sparkling wine	366.50	19
> 15%		
- vermouth, port, sherry etc.	187.00	19
- sparkling wine	366.50	19

Note: The current value of 1US$ is Dfl 2.45 (guilders)
Source: Product Board for Wine, 2001

The Netherlands: Yield of Excise Tax Through the Sales of Wine
(in US$ million)

1997	1998	1999	2000
183.2	185.6	177.5	157.9

Source: Ministry of Finance, 2001

EU Trade Policy
The United States and the EU are negotiating a bilateral agreement on wine. Negotiations towards a new bilateral U.S.-EU wine accord began in June, 1999. To date, discussions have focused primarily on differences in oenological (wine making) practices and the procedures to approve new practices. The United States has proposed full mutual recognition of approval systems, but the EU wishes to leave open the possibility for opposition to any new practices approved by the other party. Another issue under discussion is the use of so-called "semi-generic" names, such as Burgundy or Champagne in trademarks and label information. The EU considers such terms to be proprietary geographic labels. Many U.S. vintners have already moved away from using European geographic labels. In addition, the U.S. proposes to reduce tariffs and subsidies in the wine sector.

On May 22, 2001, the Council passed a regulation to extend an existing derogation which allows U.S. wines to be imported that have been made using oenological practices not approved in the EU. The derogation is valid only until the U.S.-EU wine negotiations are completed, and no later than December 31, 2003 (Council Regulation 2839/98).

A separate issue regards EU regulation 881/98 which protects "traditional terms" associated with wine and liqueur produced in a specific region (such as ruby, aged 5 years, or vintage). The regulation restricts access to the EU market for U.S. wines and liqueurs labeled with any of the EU's self-designated "traditional terms". The U.S. has held informal consultations with the EU Commission to discuss concerns.

All U.S. wine imports must be accompanied by documentation (the certificate and analysis report or VI1-form) that certifies its origin and that it meets EU standards. Under the current regulation producers may issue the certification themselves if they provide certain assurances. Council Regulation 2390/89 outlines the general rules for the import of wine, grape juice and grape must.

The Netherlands: Labeling Requirements s on U.S. Wines
' The word "wine" ' Geographic origin ' Net contents of the bottle, in milliliters, centiliters or liters ' Importer or bottler in the EU ' Country of origin ' The wine's alcohol content ' Product identification number

Source: Product Board for Wine, 2001

EU labeling regulations allow the US government-authorized indication of two vine varieties for table wines provided the wines are exclusively from those vines. All varieties should be listed using the same print and field of vision, the most important variety topping the list. The label must indicate geographic origin.

EU Customs Duties on Wines Imported from Outside the EU		
HTS Codes*	Types of Wine	EU Customs Duties (EURO per hectoliter)
22 04 10	Sparkling wines	32.00
22 04 21	Volume of still wines with alcoholic content not exceeding 13%: - in containers holding 2 liters or less - in containers holding more than 2 liters	 13.10 9.90
22 04 29	Volume of still wines with alcoholic content above 13% but not exceeding 15%: - in containers holding 2 liters or less - in containers holding more than 2 liters	 15.40 12.10

* Harmonized Tariff schedule
The current value of 1 US$ is EURO 1.14
Source: Office of Agricultural Affairs/Paris, 2000

EU customs duties are calculated as a percentage of the ad valorem value of the product. Also, as a result of the implementation of the World Trade Organization (WTO) and the Uruguay Round Agreement on July 1, 1995, over a six year period, starting September 1, 1995, customs duties are being decreased by 20 percent.

Trade

As intra-EU trade statistics can no longer be gathered through customs declarations, Central Bureau for Statistics (CBS) depends on the more than 700 wine importers for data regarding intra-EU movement of goods. Companies with a trade volume of Dfl 500,000 (US$ 204,000) or less many of which are in the wine trade, are exempted from the trade reporting requirement. A less than desired response on the part of importers and exporters to the CBS request for trade information has resulted in incomplete and imprecise intra-EU trade statistics since 1993.

The reporting system for trade with non-EU countries has not changed, so direct imports of U.S. wine are accurately reported. However, a member of American wines, especially bulk wines bottled in Belgium, France and Italy, enter the Dutch market, as EU wines. Also, undetermined but relatively small quantities of California bottled wines are imported into the Netherlands via Germany and Belgium. In addition, some major U.S. producers import all their wine for the European market via the Dutch port of Rotterdam. A large volume of imported U.S. wines is re-exported to Germany, Belgium, Luxembourg, Denmark, Finland and Sweden. Consequently, import statistics skew actual Dutch consumption of U.S. wines.

The Netherlands: Wine Import Trade Matrix

Units: Hectoliters

Time period:	Jan-Dec		
Imports for	**1998**	**1999**	**2000***
U.S.	104,340	199,110	260,350
Others			
Total EU	2,959,210	2,797,910	2,558,400
> France	1,577,450	1,552,810	1,439,980
> Spain	485,570	426,140	345,740
> Italy	233,310	226,980	176,710
South Africa	146,100	177,610	241,440
Bulgaria	50,880	28,850	19,880
Chile	68,370	75,910	91,520
Australia	31,320	49,820	81,540
Argentina	28,860	27,090	31,550
Grand Total	3,428,480	3,387,990	3,312,500

Source: Product Board for Wine, 2001 * Estimation by Central Bureau for Statistics

The Netherlands: Wine Import Trade Matrix		
		Units: 1,000 Dfl
Time period: Jan-Dec		
Imports for	**1998**	**1999**	**2000***
U.S.	66,140	132,302	174,118
Others			
Total EU	1,323,519	1,247,537	1,142,036
> France	765,313	744,004	661,664
> Spain	179,857	157,026	134,154
> Italy	77,277	78,866	63,198
South Africa	62,497	76,455	105,140
Bulgaria	12,971	7,662	5,573
Chile	35,512	40,982	57,784
Australia	19,385	31,618	52,301
Argentina	11,834	12,138	15,447
Grand Total	1,549,340	1,565,340	1,563,840

Source: Product Board for Wine, 2001 * Estimation by Central Bureau for Statistics

South African and U.S. Wines

In 2000, total Dutch wine imports decreased 2.2 percent to 3,312,500 hectoliters, compared to the previous year, but imports of South African wine rose by 36 percent to 241,440 hectoliters in 2000. Total Dutch imports of U.S. wines amounted to 260,350 hectoliters in 2000, an increase of 31 percent compared to 1999. The increases in recent years are partly due to greater sales of American wines in Dutch supermarkets and liquor stores, as well as U.S. wineries using The Netherlands to an increasing extent as their distribution center for western Europe. Total Dutch exports of wine decreased 7 percent to 258,200 hectoliters in 2000, compared to 1999.

The Netherlands: Wine Imports by Type (in hectoliters)			
	1997	**1998**	**1999**
Quality Wine Red	795,290	859,100	827,750
Quality Wine White	555,680	621,850	587,300
Table Wine Red	825,880	841,570	910,710
Table Wine White	695,030	582,980	611,140
Sparkling Wine	33,650	51,370	65,200
Champagne	21,410	18,800	31,450
Pearl Wine	99,580	65,570	55,400
Port, Sherry, Madeira Etc	324,910	314,360	226,810
Aromatic Wines	47,240	72,880	72,220
Total	3,398,670	3,428,480	3,387,990

Source: Product Board for Wine, 2001

More than 50 Dutch importers are handling U.S. wine and more than 100 U.S. wineries are represented in the Dutch market. About 600 different U.S. wines can be bought in The Netherlands, only three of which are organic. There are no kosher U.S. wines on the Dutch market. An estimated 95 percent of total U.S. wine exports originate from California.

The Netherlands: Wine Imports from the United States					
	1996	**1997**	**1998**	**1999**	**2000***
Volume in Hectoliters	26,390	59,430	104,340	199,110	260,350
Value (x 1000 US$)	11,146	22,294	33,354	63,914	72,853
Market Share in Volume	0.9%	1.7%	3.0%	5.9%	7.9%
Market Share in Value	1.5%	3.0%	4.3%	8.5%	11.1%

Source: Products Board for Wine, 2001 * Estimation by Central Bureau for Statistics

U.S. wine has gained momentum in the Dutch market and prospects for increased exports are good as demand for U.S. wine in The Netherlands and the rest of western Europe is expected to grow. Since California wine producers had an excellent vintage in 2000, it is expected that wine prices in California will decrease slightly. The 2000 vintage is estimated at 3.2 metric tons grapes, which is higher that the record vintage of 2.9 metric tons in 1997. This increase in volume is due to new vineyards which have started production. Also, the quality of the 2000 vintage is comparable to the excellent vintage of 1997. Therefore, Dutch importers expect to receive reasonably priced, high quality wines from the United States.

In April 2001, the most severe night frost in thirty years caused heavy damages in vineyards all over California. In Napa Valley and the Russian River Valley in Sonoma, an estimated 15-20% of the buds were frozen. Therefore, the 2001 vintage is expected to be much lower in volume, compared to the 2000 vintage. This could also be the case for the 2002 vintage. Because of this, wine prices in California are expected to increase in coming years.

Market Development and Competition

The Wine Institute of California maintains its European office in Alphen aan den Rijn, The Netherlands. The Wine Institute promotes California wines through tasting, wine trips to California, promotional materials, and other promotional activities. Every year, the Wine Institute organizes a California Wine Festival in The Netherlands. On March 1, 2001, about 500 trade and media guests attended this event. More than 55 companies, including California vineyards, Dutch importers and wine cellars participated in this event.

For the second year in a row, the "National Wine Week" will take place in October. The Wine Information Center will organize wine tasting events throughout the country in cooperation with Royal Dutch Catering, *the Wine Institute of California*, the South African Wine Bureau, the Italian Institute for Foreign Trade (ICE), the Foreign Commercial Service of the Austrian Embassy, the Foreign Commercial Service of the Portugese Embassy, the Information Center for German Wines, ProChile Trade Promotion, SOPEXA (French institute for trade promotion) and Vinos de Espana. For the first time, a "Dutch International Wine Festival" will be held during the National Wine Week. The Wine Institute of California is also participating in this event.

On February 1, 2001, the Royal Association of Dutch Wine Merchants (KVNW) adopted a certification system for wine merchants. This certification is of importance to the trade and to consumers. It guarantees the highest standards, with respect to their trading procedures and the wines offered. Each year, KNVW will evaluate the system and all certified wine merchants will be audited periodically by an independent accreditation body.

The European Union has decided to allow imports of Canadian "ice wine". Canada subsidizes many promotional activities in and outside the country to promote this sweet desert wine.

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